

PDAHP-044  
9311054/52  
12N-33881

THE ASSISTANCE FUND  
PROVIDING TECHNICAL AND FINANCIAL ASSISTANCE  
TO INCOME GENERATING GROUPS IN LESOTHO

Under USAID Funding  
Project No. 931 - 1054  
Structuring Nonformal Education Resources

Richard L. Betz  
Project Advisor  
Lesotho Distance Teaching Centre  
November 1982  
Revised October 1983

## PREFACE

This paper was prepared for the **Fourth Annual Evaluation** of the United States Agency for International Development Project Number 931- 1054 entitled Structuring Nonformal Education Resources. It was also prepared for use by the Lesotho Distance Teaching Centre so that it can begin to consolidate all that has already been learned in the implementation of an Assistance Fund.

What is contained in this paper represents the hard work and collaborative efforts of the management and staff of the Lesotho Distance Teaching Centre.

## OUTLINE OF THE PAPER

I.	INTRODUCTION .....	p 1
II.	BACKGROUND TO THE USAID PROJECT - <u>STRUCTURING NONFORMAL EDUCATION RESOURCES</u> .....	p 2
III.	GOALS OF THE ASSISTANCE FUND .....	p 6
IV.	HOW THE ASSISTANCE FUND WORKS - ITS MECHANISMS....	p 9
	+ The Proposal .....	p 9
	+ Conceptualization of the Assistance Fund(chart)	p 10
	+ The Screening Committee .....	p 13
	+ The Assistance Fund Management Subcommittee	p 13
	+ Criteria for Selecting an NFE Organization..	p 14
	+ The Contract .....	p 14
	+ Loan Options .....	p 14
	+ Interest Rates .....	p 17
V.	FREQUENTLY ASKED QUESTIONS ABOUT THE ASSISTANCE FUND..	p 18
VI.	LESSONS LEARNED .....	p 20
VII.	OUTSTANDING ISSUES AND FUTURE DIRECTIONS .....	p 25
VIII.	APPENDIX - BACKGROUND PAPERS ON THE ASSISTANCE FUND	p 27
	+ Translation of the text of the Sesotho version of the Service Agency brochure intended for NFE organizations .....	p 28
	+ Initial Visit with NFE Organization(data collection	p 31
	+ Proposal Development Questionnaire(translation)	p 33
	+ Selection Criteria .....	p 36
	+ Form to determine payback schedule on loan..	p 41
	+ Sample Proposals .....	p 42
	+ Sample Contracts(including standard contract)	p 50
	+ Monitoring Form .....	p 58

## INTRODUCTION

" After education, what ?"

" Now that we've been to school, now that we can read, write and add sums, what do we do with this new knowledge ?"

" Now that I am educated, what do I do ?"

" Haele moo ke tseba ho bala le ho ngola, le hona ho sebetsa lipalo, na ke sa hloka ho rutena ho feta moo? Hona kamorau no moo ke tla etsa'ng?"

Increasingly in the 3rd World these and other similar expressions are being heard. Education, which for so long was viewed as the panacea for all 3rd World development problems, can not by itself solve the multitude of problems confronting the rural poor. Education programs can not simply be concerned with the transference of information. In order for rural people to provide all-important income for themselves and their children or to be better able to have a hand providing quality services to their communities in areas such as health care, clean water, and proper food, they need the necessary technical and financial means whereby they can make use of their education.

One particular USAID Project which is attempting to link educational training with the opportunity to immediately utilize these skills is the Lesotho Distance Teaching Centre's (LDTCC) Service Agency Project entitled Structuring Nonformal Education Resources.

The following pages provide an overview of this Project by discussing the background, goals, methodology, lessons learned, and outstanding issues.

BACKGROUND TO THE USAID PROJECT - STRUCTURING NONFORMAL EDUCATION RESOURCES

This Project was originally conceived by Jim Hoxeng of USAID, Washington Science and Technology/ Education Bureau in collaboration with the USAID, Lesotho Mission and the management and staff of the Lesotho Distance Teaching Centre. The Project Agreement was signed in August 1979. As described within the Project Agreement this Project is intended to develop and test an innovative organizational approach to provision by a central government agency of technical and financial assistance to organizations and communities involved in nonformal education and especially income generating activities.

From August 1979 until early 1982, the Project focused almost exclusively on insitution building- putting together the pieces of administrative support, financial controls, and educational training at the LDTC itself. This included a consultancy on the Assistance Fund, the establishment of an Assistance Fund Management subcommittee and a LDTC Screening Committee, and the development of a selection criteria. At the field level most efforts went toward an Nonformal Education Survey of all rural groups in Lesotho which was intended to give necessary background data on the range of activities and particular needs of the groups.

In late 1981 institutional development had proceeded to a point whereby the LDTC Service Agency could attempt to implement the Assistance Fund. A pilot project was initiated through the Service Agency which hoped to develop and refine technical and financial assistance strategies and procedures.

Based upon expressed group needs, the Service Agency began to assist a Piggery Association of approximately 10 women in the village of Khotole which is about 70 kilometers south of Maseru.

From November 1981 until February 1982, the Service Agency worked together with the Piggery Association to develop a comprehensive proposal for assistance primarily in the areas of training and financial assistance for breeding pigs, pig stys, and feed for submission to the LDTC Screening Committee. Approval of the Screening Committee was received in March and finally approval by the AFMS in May 1982.

A number of sessions have been held with the Piggery Association beginning with a comprehensive needs assessment, goal setting, and planning sessions. The most recent session on financial management and book-keeping has prepared the group to effectively handle the loan. At the present time the group is busy raising piglets. The LDTC Service Agency will continue regular visits to the Association to assess the group's development, the effectiveness of LDTC involvement, and future training needs.

Since September 1982 the Service Agency has begun a process of implementing the Assistance Fund project on a national scale. From that date the Service Agency has been conducting an active multi-faceted outreach programme to alert nonformal education groups about the Assistance Fund. This outreach programme is described further in the section entitled How the Assistance Fund Works. At the present time, October 1983, the Service Agency has received a range of proposals. These include the following:

ASSISTANCE FUND GROUPS:

<u>Name of group</u>	<u>Location</u>	<u>Project focus</u>	<u>Loan Amount</u>	<u>Date of contract</u>	<u>Project Completion</u>
Bobote Piggery Assoc	Mafeteng District	Breeding & selling Pigs	M3,500.00	20 July 1982	1 January 1986
Botoni Uniform Sewing Centre	Berea District	Making & selling school uniforms and dresses	M4,500.00	22 December 1982	1 December 1985
Lesotho Council of Workers (Womens Section) Vocational School	Maseru	Womens Vocational Skills Training	M3,350.00	5 April 1983	31 August 1986
Botopeng Leribe	Leribe District	Tending chickens & selling eggs	M796.00	8 May 1983	8 May 1984
Ma Bela Womens Institute	Leribe District	Tie & Dye Products for sale	M196.00	To be determined	3 years from contract signing
Visual Problem Centre	Maseru	Blind peoples Vocational Skills Training	M5,700.00	To be determined	2 years, 6 months from contract signing
Botiteko Lekhalong Baroa	Near Machache Maseru District	Making & selling knitted articles to schools	M1,660.00	To be determined	3 years from contract signing

PROPOSALS REJECTED BY LDTC SCREENING COMMITTEE:

Buthe Buthe Driving School  
Maseru Typing School  
Matela Piggery Farmers  
Mohaies Hoek District Piggery Association  
Majara Burial Society  
Sehlabathebe Grazing Association

PROPOSALS REFERRED TO OTHER INSTITUTIONS FOR ASSISTANCE:

Bethany Village Development Committee  
Ha Liphoto Mathloana VDC  
Bela Bela LEC Choir  
Sehlabathebe Grazing Association

PROPOSALS IN NEED OF FURTHER INFORMATION FROM GROUP:

Pholonamane Buthe Buthe  
Ntloana Tsoana Wool and Mohair Growers  
Itataiseng Credit Union  
Ha Sekoati Nutrition  
Siloe Nutrition Group  
Ha Liphoto Matholoana VDC  
Mohaies Hoek Nutrition Centre  
Boiteko Maloseng Thrift and Credit  
St Alphonse Girl Guides Association  
Koenaneng Leribe Village Development Committee  
Mokhatlo Oa Tsoaliso Ea Likolobe, Ha Joele Qachas Nek  
Ramokoatsi Farmers Association  
Itekeng Ha Tjeka  
Likuiling Community School  
Mechoko Farmers Cooperative  
Thabang Makamela Communal Garden  
Tsupane Ha Tjeka (Mafeteng)  
Phepo E Nepahetseng  
Leribe Horticultural Society  
Boiteko Communal Garden (Linakeng)  
Phaphanma Communal Garden (Linakeng)  
Maseru Homemakers  
Bolumatau  
St Theresa Mission

### GOALS OF THE ASSISTANCE FUND

A wide range of indigenous groups has developed to address the needs of people living in rural areas. Yet many of these nonformal education (NFE) groups do not have, it appears, the necessary human and financial resources to either consolidate or expand their programs for the rural poor. Furthermore, in most of the 3rd World, assistance to such groups has developed in somewhat of a random fashion with one particular group need being addressed by one institution while another need is addressed by another totally different institution.

The problem is to respond to the wide range of felt needs of such NFE groups for assistance without at the same time "domesticating" these groups by bringing these same groups into a pyramidal organizational structure of a particular Ministry or institution. Such action would negate the strengths of these NFE groups. These strengths are that NFE programs enjoy varied sponsorship; they use existing facilities and buildings instead of requiring large fixed cost investments; they exist to satisfy immediate needs; administrative overhead costs are minor; and small program size allows flexibility and innovation. Experience has shown that in most areas of the world NFE is successful where there is a cooperative and integrated approach by outside governmental and nongovernmental institutions to assist rural people to meet their own identified needs. (from USAID Project Paper)

One example of such an attempt is the LDTC Service Agency Assistance Fund Project. As originally designed the Assistance Fund should be able to provide to these NFE groups either directly or in collaboration with governmental or nongovernmental institutions the following services as needed and requested:

#### MATERIALS DEVELOPMENT ASSISTANCE

- \* Develop, pre-test, and print instructional materials such as booklets, pamphlets, photostrips, learning games posters and flipcharts.

#### TRAINING ASSISTANCE VIA LDTC NON-FORMAL EDUCATION SEMINARS OR VIA SPECIALLY DEVELOPED AND IMPLEMENTED STAFF TRAINING WORKSHOPS IN THE

- \* Nonformal Education Skills Development
- \* Nonformal Education Facilitator Training
- \* Nonformal Education Materials Development
- \* Group Dynamics And Leadership Training
- \* Program Planning and Evaluation

#### EVALUATION ASSISTANCE

- \* Share results of the LDTC Nonformal Education Survey,
- \* Provide research and evaluation assistance in the form of baseline surveys, project evaluation, and also formative evaluation for use by nonformal education groups.

#### COMMUNICATIONS ASSISTANCE

- \* Development and use of radio programmes through the use of our fully equipped Radio Studio.
- \* Writing, layout and printing of newsletters for use by rural groups.
- \* Provide a forum for all organizations interested in rural education and development through LDTC Seminars on Nonformal Education.

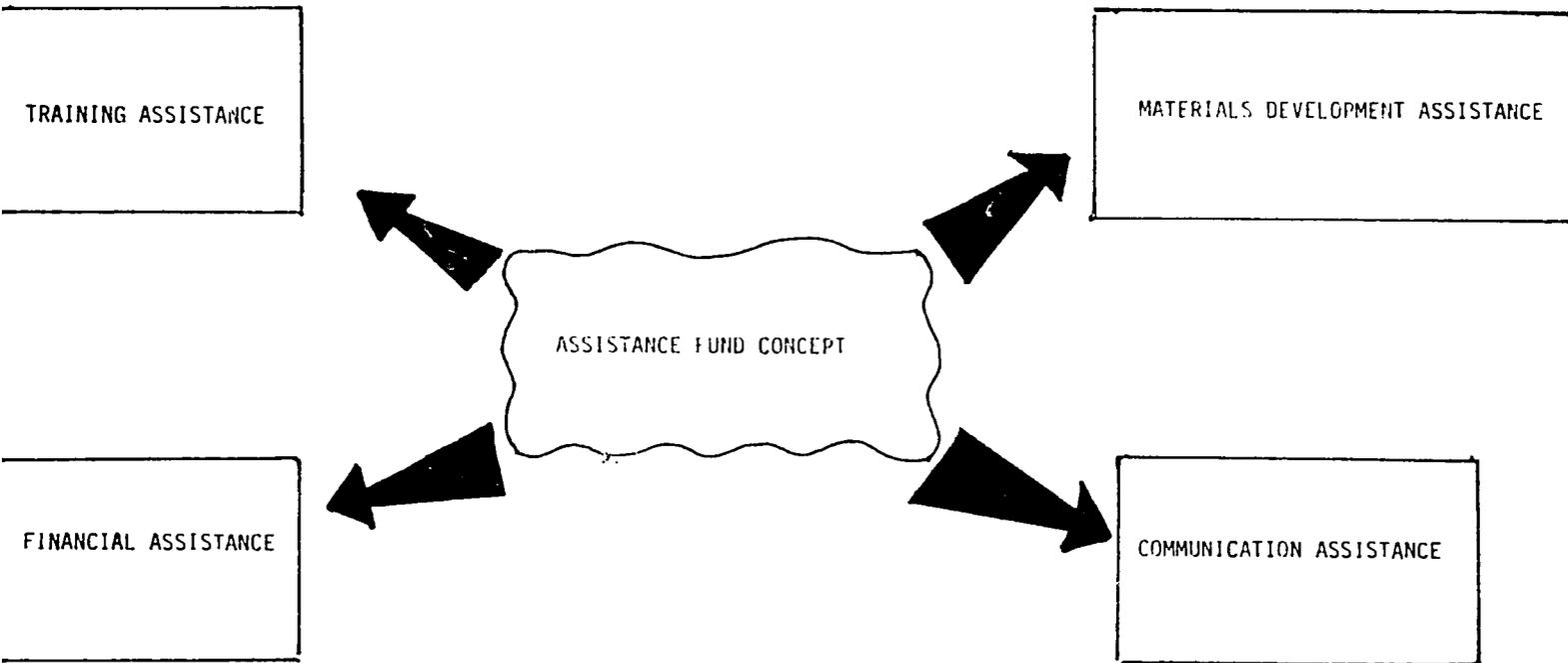
#### FINANCIAL ASSISTANCE

Provide necessary financial assistance to rural groups where specific selection criteria have been met. This financial assistance may be in the form of:

- loans to those rural groups with primarily an income generating focus
- grants to those rural groups with primarily an educational focus.

What has been outlined here should not be seen as a blueprint for the development of an Assistance Fund. There are no easy answers, no blueprints, to implementing an Assistance Fund using the educational and financial resources of a nonformal education institution. The LDTC has undertaken a learning process approach to define how an Assistance Fund approach can be adapted to meet the needs of people in rural Lesotho. The next section of this paper describes such an approach.

AREAS OF LDTC SERVICE AGENCY ASSISTANCE TO NONFORMAL EDUCATION GROUPS:



## HOW THE ASSISTANCE FUND WORKS - ITS MECHANISMS

It must be stated from the start that the mechanisms developed during the pilot phase of the Project and modified during this the implementation phase will surely continue to undergo some slight changes and improvements as the Project evolves. Thus, the mechanisms are presented here with that in mind.

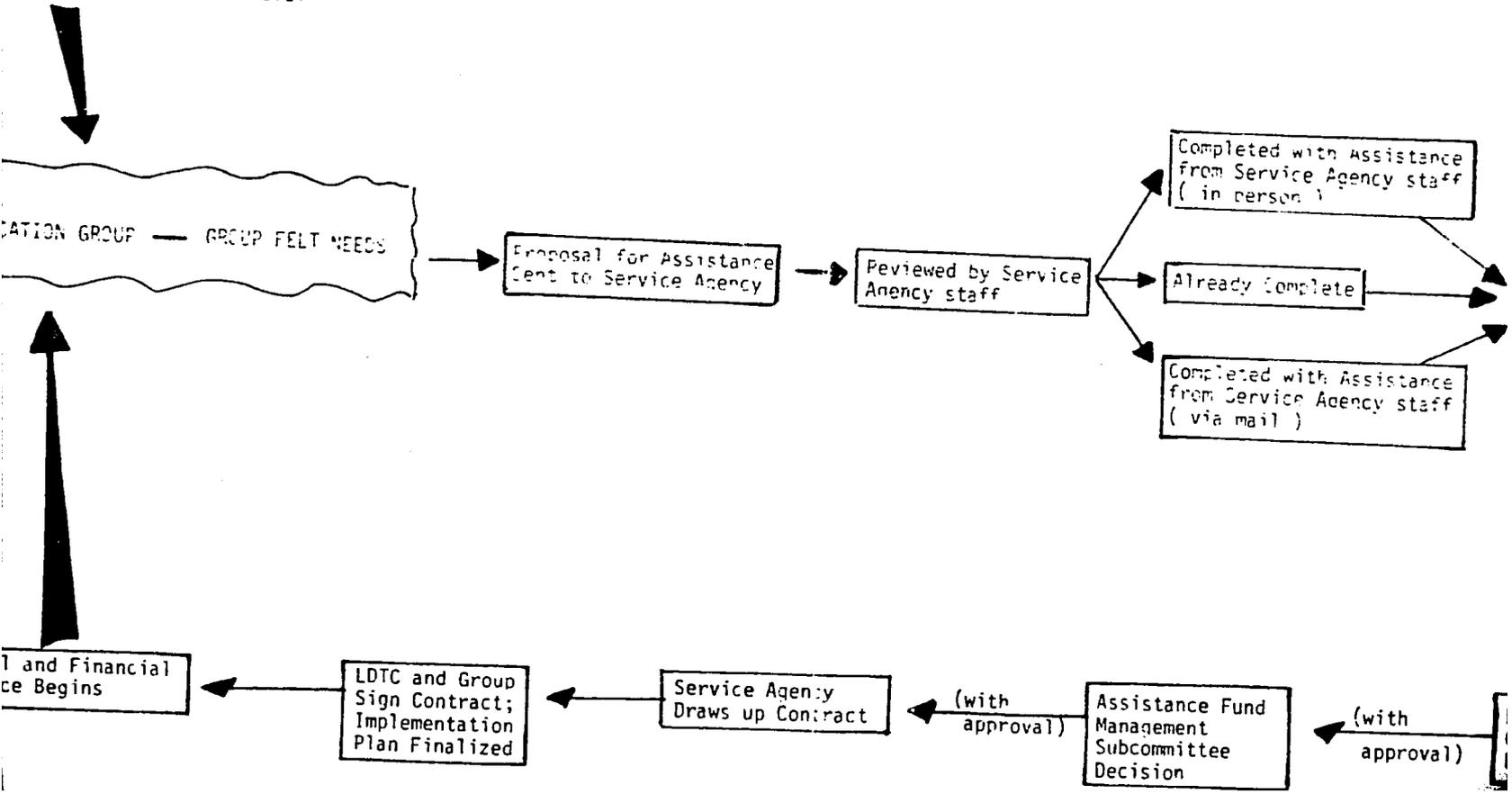
### The Proposal:

The first step that actually puts the Assistance Fund program in motion is a request for assistance proposal from a NFE group. The LDTC has found many of the proposals to be extremely vague as to group needs, goals, and areas of assistance in particular which slows down the assistance process. As one might expect the groups with the greatest need present the weakest proposals. Because of this problem and due to a need to announce ways in which the Service Agency may be able to help rural groups, the LDTC has launched into a multi-faceted strategy to alert NFE groups about the Assistance Fund and to give these same groups some skills on how to effectively apply for assistance. This strategy, based on data from the LDTC conducted NFE Survey of all rural groups in Lesotho, includes a mailing to all NFE groups of a Sesotho Assistance Fund brochure and an English Service Agency brochure, mailings of the same brochures to governmental and nongovernmental organizations involved in rural development, radio programs on the Service Agency and the Assistance Fund, and presentations to District Government Coordinators, District Heads of Ministries, Extension Agents, and NFE group leaders. This is supplemented by giving Assistance Fund presentations to workshop groups whenever the Service Agency is invited. Again, what is important is that the LDTC establish strong linkages with existing governmental and nongovernmental structures at the grass-roots level as well as at the national level. These linkages are aimed at generating requests for assistance proposals from anywhere in the country. Simply put the Service Agency staff will never be sufficiently large enough to help all groups throughout the country develop proposals from scratch.

Once the proposal is received in the Service Agency, a member of the staff is assigned responsibility for that particular group. The Service Agency staff meets as a group to review the proposal. At this stage the staff only considers whether or not the proposal is complete so that it can be sent on to the LDTC Screening Committee for approval. If the proposal is not

CONCEPTUALIZATION OF ASSISTANCE FUND PROGRAMME:

cy Outreach Programme  
he Assistance Fund  
of letters & brochures  
programmes  
s with NFE groups and  
government and nongovernment  
ials at the district level



complete, there are several options. If the group is a considerable distance from Maseru, a letter can be sent to them requesting further elaboration on the weak areas of the proposal. This may also include sending them a questionnaire which they would fill in. The other option is for several staff members to visit the group with the aim of gathering background data and to develop a more complete proposal on the spot. At no time will the Service Agency staff attempt to write the proposal for the group. Instead a participatory process is used whereby through a questioning strategy a Service Agency staff member facilitates the development of the proposal. (This process is described in another paper "Guidelines for Service Agency Advocators")

When a completed proposal has been submitted, the Service Agency staff member assigned to the group as an advocator will write a narrative describing how the particular project meets the Assistance Fund Selection Criteria and an assessment of intended outcomes of assistance which become part of the proposal. This finished proposal is then given to the requesting group for their review. At this point the proposal is typed in English and submitted to the LDTC Screening Committee by the Service Agency advocator.

In its final form the Proposal for Assistance form should contain the following elements:

INTRODUCTION ( Optional; Prepared by Service Agency Advocator based on data collected By Service Agency or MFE Survey )

PART I SELECTION CRITERIA ( Prepared by Service Agency Advocator to assess areas where proposal meets Criteria )

PART II NEEDS AND GOALS OF THE GROUP ( Prepared by group independently or with assistance from Service Agency )

PART III LDTC AREAS OF ASSISTANCE ( Prepared by group independently or with assistance from Service Agency )

EXAMPLES

1. The LDTC can provide educational assistance to this group through workshops in the areas of .....
2. The LDTC can act as an advocator for the group to enable them to receive services from governmental and nongovernmental agencies

PART IV LDTC ASSISTANCE STRATEGIES ( Prepared by group independently or with assistance from Service Agency )

EXAMPLES

1. Initial workshop on program planning during which a detailed workplan will be developed with the group to enable them to effectively utilize the anticipated financial assistance and on-going educational assistance.
2. Channel financial assistance from the LDTC/directly to the group/ through the ..... Credit Union
3. The financial assistance will be used in the following sequenced way :

PART V COSTS TO THE LDTC; COSTS TO THE GROUP; COSTS TO THE GROUP MEMBERS  
( Prepared by group independently or with assistance from Service Agency )

EXAMPLE

- LDTC costs in the form of a loan/grant and group member training
- A. Budget ( In detail )
  - B. LDTC support and training assistance via workshops and visit to the group ( an estimate of costs should be included by the Service Agency )
2. Group Costs
    - A. Pay back loan ( information is included on payback schedule and interest costs )
    - B. Willingness for all members of group to sign a contract with the LDTC and abide by its agreements
  3. Group Member Costs  
Supply labour to construct ..... to care for .....

PART VI OUTCOMES OF ASSISTANCE ( Prepared by Service Agency Advocate to assess outcomes of assistance based on collect data )

EXAMPLES

The outcomes justify the expenses:

1. A considerable number of women will have acquired income earning capabilities

2. A local organization will have been able to respond to a local need and will have succeeded in achieving its objectives in executing this project
3. The loan will have been repaid
4. A participatory training program will enable group members to develop practical skills to continue group activities
5. The total production and marketing will be ..... The finished product will sell for .... Thus the group will realize a per item profit of .....

#### The Screening Committee :

The LDTC Screening Committee is composed of senior staff members of the LDTC, proposed by the Director of the LDTC and approved by the Assistance Fund Management Subcommittee. At present the Committee includes the Deputy Director as Chairperson, the Service Agency Coordinator, the Educational Evaluator, the Literacy Section Head, the Financial Controller and, as advisors, the Project Advisor and NFE Evaluator. It is the function of the Screening Committee to provide an in-depth examination of the submitted proposal with the intention of "Screening out" proposals which do not meet the Selection Criteria nor provide technical feasibility as it relates to scope of activity and size of budget, past success record of organization, and market potential.

#### The Assistance Fund Management Subcommittee (AFMS):

Once a proposal has been approved by the Screening Committee it is then sent to the Assistance Fund Management Subcommittee (AFMS). The AFMS is comprised of the Permanent Secretary for Education or a representative as chairperson, the Permanent Secretary for Finance or a representative, the Permanent Secretary for Central Planning or a representative, Lesotho National Development Bank representative, the Director LDTC, Deputy Director LDTC, and Evaluator LDTC. The Committee is to examine on behalf of the Management Committee of LDTC the appropriateness of grants/loans decided upon by the Screening Committee and advise accordingly.

### Criteria for Selecting a NFE Organization

The Criteria which are presently in use were refined from an earlier document entitled "Introduction to the Assistance Fund" which was developed in 1980. Whereas the LDTC is still using the same Criteria, they have been reordered into the present format and sections of the previous Criteria, such as funding length and various reporting requirements, have been deleted from the Selection Criteria itself. Even though these sections have been deleted they are still considered important and valid. They are used as guidelines and quite often appear directly in the contract between the LDTC and the recipient organization.

### The Contract:

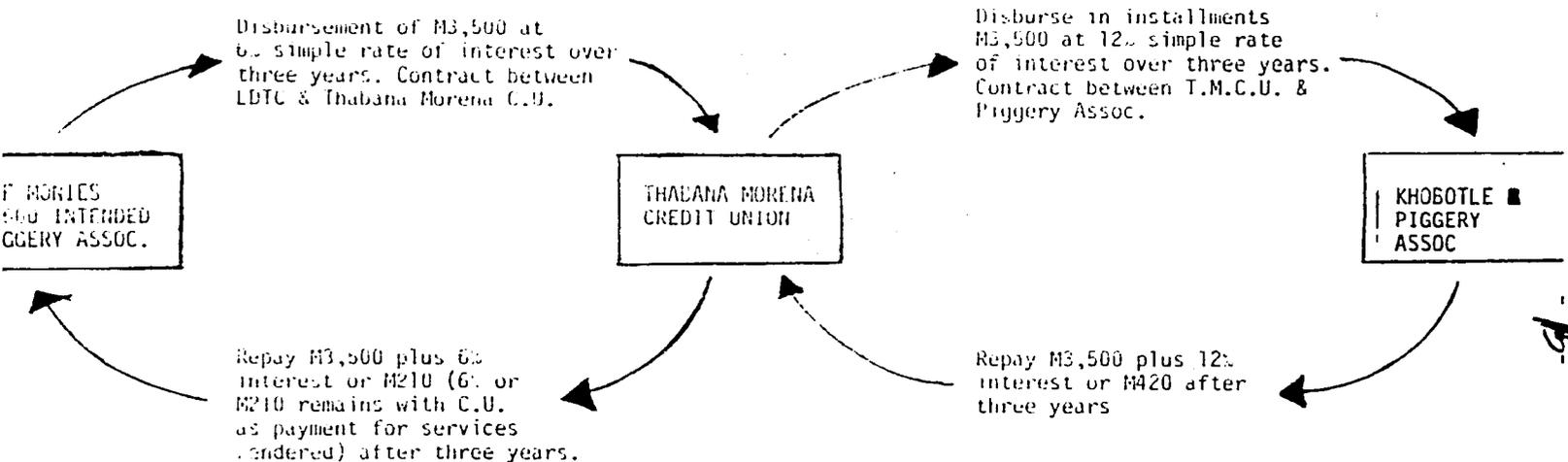
Once approval has been given to provide technical and financial assistance to an organization, a contract is drawn up. This contract is drawn up by the Service Agency staff and is based primarily upon the previously submitted proposal. However, unlike the proposal, it is one and only legal and binding document between the LDTC and the organization. The contract outlines the financial payback arrangements, a summation of the use of the loan, a disbursement schedule (if necessary), agreements on, for example, book-keeping or other training, availability of financial and other records, information on what will happen if other problems occur, and other binding details. The contract is signed by both the Director of the LDTC and preferably all members of the organization.

### Loan Options:

There are 2 possible structural mechanisms to lend money to an organization. The simplest is to lend money directly to the organization in installments or in one lump sum by depositing, upon the execution of a contract, directly into the organization's bank account. This option is the simplest but requires more financial monitoring by the LDTC.

The 2nd option would be to lend the money to an intermediate organization which would disburse to the intended recipient of the assistance. This option, while more complex may simplify the financial monitoring aspects and would benefit more than one organization. Assistance to Kibotile Piggery Association was handed in this fashion (See accompanying chart).

# Best Available Document



At the conclusion of the project, LDTC will rebate the 6% interest from the credit union directly to the Piggery Assoc. if all agreements have been met. In effect, Assoc. would then have borrowed the M3,500 at a 2% simple rate of interest per year or M70 per year for three years.

-B-

The 3rd option involves the use of LDTC Assistance Fund monies as collateral for an organization's request for assistance

As the Assistance Fund expands, it will take an increasing amount of administrative time to handle financial details such as issuance of money, verifying group budgets and other records, seeing that money is spent properly, making certain that loans with interest are repaid, etc. As a result, given the limited number of LDTC personnel, the educational components of the Assistance Fund concept might suffer at the expense of the financial component. This 3rd option would involve the following arrangements:

1. The LDTC through a facilitator model would assist groups in their development using NFE techniques in training, materials development, communications/Network linking. Possibly initial small grants in money or in kind (materials, etc.) would be given at this time if necessary.
2. Once, through the educational process, the group has learned to be effective and the efficient, it can consider expansion. Rather than having the group come to the LDTC for financial assistance we could support as "advocators" their application to a lending institution such as a local thrift and credit association, the Agricultural Development Bank, or a national bank for financial assistance.
3. Most of the A.F. monies would be in a long term bank account drawing interest while a smaller amount would be in a separate account which would be more readily available for grant giving purposes. The LDTC would utilize the money in this long term account for collateral purposes to support the group's application for a lending institutions loan. This would serve as a guarantee to the lending institution that the loan would be repaid. To lessen the impact that high bank loan interest rates would have on the group, the LDTC could subsidize these interest rates in part or in whole depending on need. LDTC money to do this would come from interest earned on their A.F. money which would be in the long term bank loan.

Screening Committee role:

1. Review group's initial project proposal. Make decisions on LDTC involvement with the group.
2. Recommend the use of LDTC A.F. monies for use as collateral for a group's loan of money from a lending institution and for subsidizing the interest on the loan.

A.F. Management Subcommittee role:

Review decision of the Screening Committee as to the use A.F. monies for use as collateral for a group's application for a loan from a lending institution.

Unfortunately, due to present USAID regulations the LDTC is unable to utilize this option. Possibly at a future date this option can be considered.

Interest Rate for Loans:

The interest rate at which the LDTC currently lends money is 4 times the number of years the loan is for. As set forth in the original project papers the "loans are subject to interest rates equal to the lowest current bank deposit rates in Lesotho."

The LDTC recognizes the fact that these are heavily subsidized loans. In the LDTC situation it is felt that the loan is seen as part of an overall assistance strategy and not in isolation as various development banks would view it. As it has been said with a great deal of truth, there are two things the Basotho dislike - one is going to the doctor and the other is going to the bank. Without relaxing the financial management of the loan aspects of the Fund, the LDTC is determined not to lose sight of the fact that they are attempting to assist the rural poor who in many instances have a total per person income of as little as M100.00 per year and who, even if they wanted to, could never receive a loan from a conventional lending institution. In addition all LDTC loans require in-kind contributions from the assisted organization. So in fact these subsidized loans are matched by contributions from the groups themselves.

FREQUENTLY ASKED QUESTIONS ABOUT THE ASSISTANCE FUND

As the Service Agency staff travels into the rural areas of Lesotho to explain its various activities it is confronted with numerous questions. The most commonly asked questions are presented below:

1. Do you help establish new groups?

Our primary purpose is to strengthen what already exists. The NFE survey identified some 300 rural groups which had a range of educational and financial needs. We feel we first have an obligation to assist these groups. At a later date the Service Agency may become active in creating new groups.

2. How is the Assistance Fund different than, for example, the Agricultural Development Bank?

First of all, our title suggests only money but as has been previously discussed we consider financial assistance to be only part of our function. The Service Agency is a non-profit educational institution meant to assist those very poor people who, for various reasons, could not qualify for a conventional loan. Service Agency involvement with these rural groups includes:

- a. awareness raising - making people aware of their potential as well as the role of the Service Agency;
- b. group work - needs assessment, goal setting program planning;
- c. Session on Service Agency technical inputs (financial training)
- d. Sessions on outputs (market needs)
- e. Assistance with proposal writing
- f. On going training and financial assistance with an evaluation component.

3. How much or how little can the LDTC lend?

We have no maximum or minimum amounts established. A group that legitimately could absorb large amounts most likely would not fit into our criteria of assisting the poorer segments of society and instead would apply to a

4. Can individuals apply for assistance? Who can apply for assistance?

Any existing, usually registered or soon to be registered group, can apply for assistance. Individuals are not eligible for assistance. Quite often extension agents will alert us to the needs of a particular group but it is up to the group itself to actually apply for the assistance.

LESSONS LEARNED:

At the institutional level a number of lessons recording the Assistance Fund have been learned.

1. Because of the complexities involved in developing the capacity to assist rural groups, the USAID Project should have been divided into two phases. The first phase should have been an institution building phase to develop the administrative and financial capacities, to institute a NFE degree and non degree training program, to procure commodities, and to begin experimenting with various Assistance Fund strategies with one pilot project. Once that phase had been completed, an implementation phase should have begun.
2. The NFE Survey was a necessary component of the Assistance Fund project. However it should have been seen as part of the implementing phase. One district at a time should have been surveyed with immediate follow-up with Service Agency assistance in the form of the Assistance Fund. In fact the NFE Survey became totally divorced from the Assistance Fund. When the institution was sufficiently developed vis-a-vis an Assistance Fund programme, The NFE Survey data was already old.
3. Building on No.1 and No.2, because of the magnitude and complexities of such a Project, sufficient time should be allowed by USAID to ensure that the Project can succeed.

It is very important to keep in mind that this Project was designed to develop and test an innovative organizational approach to provision by a central governmental agency of necessary technical and financial assistance to organizations and communities involved in nonformal education activities. In effect it is designed to utilize the particular skills that a nonformal education training institution can bring to bear on rural organizations. Most prior USAID attempts in this area have been to enable small business, cooperative, or credit union organizations to provide such assistance to rural organizations. Our experience and the experience throughout the Third World has shown that the transfer of financial inputs is not the most critical factor in the ultimate success of rural organizations. Of equal if not paramount importance is the ability to provide relevant and immediately useful educational training in such areas as community needs assessment

and goal setting, program planning, identifying community resources, group dynamics, leadership skills, book-keeping, and marketing training.

One immediate effect of being one of a few organizations involved in such an attempt is that there are no blueprints as to how this Project should be implemented. As a result the implementation has had to proceed slowly and in stages.

At the field or implementation level a number of lessons were also learned.

1. A central governmental organization such as the LDTC can not attempt for both practical as well as political reasons to "go it alone" in attempting to assist rural groups. It must establish strong working ties with both governmental and non-governmental organizations involved in rural development. Simply put, the LDTC needs the "arms and feet" of these organizations.
2. As previously stated most of these rural groups have training needs which take precedence over financial needs, especially in the area of planning, management and book-keeping.
3. NFE Participatory Techniques have proven to be effective. These groups are very responsive to a non-lecturer format where they play active roles especially in needs assessment and goal setting.

4. A strong Multi Media Outreach Programme is needed to inform NFE groups about the Assistance Fund.
5. Even with a strong outreach programme many rural groups feel this assistance is not intended for them. Follow-up support is needed especially in providing assistance (advocator role) in joint development of a proposal and in consciousness raising.
6. We have found that most groups, especially these groups truly in need of assistance, make requests for assistance with very vague ideas in mind. Therefore, they need assistance in the very formative stages as has been described.
7. An assisted group should be given plenty of time to develop in light of cultural constraints. One of the Service Agency projects has been slow utilizing our assistance (at least using our standards of time). Yet numerous realistic constraints have occurred. Building was delayed for three weeks because no one was allowed to work because of deaths in the village. Even when they were able to work they could not build after 11 am because the village chief was afraid that such group actions could bring hailstorms.
8. Income generating groups have a greater chance of success when they do not produce for an external market (ie. beads, etc. for tourists) but instead produce for a local market (sewing of local school uniforms, raising and selling of pigs for local consumption).
9. The Service Agency is most effective where it utilizes the resources of indigenous patterns of cooperation and existing formal or informal groups.

Inherent in this call for greater utilization of indigenous cooperative groups is a reliance on leadership and management skills within these groups. However, it has been argued by some that local groups can only be effective with strong leadership, and since such leadership is often lacking among the poor, the potential for participatory organizations of villagers is usually limited (unless strong organizational skills are imposed from above).

It can be argued from our experience that traditional local groups have the latent and actual ability to manage their own affairs as has been

demonstrated by countless indigenous group. Management problems will occur when individual rural people are formed into full-fledged Western-style cooperatives with little preparation other than the traditional top-down training seminars conducted by cooperative experts trained in Western "developed" countries. A much slower progression should occur. Individuals who enter into a group for the accomplishment of some immediate need and who then feel mutual confidence by the accomplishment of that task would be more willing to build upon their success than would a group which is formed by an outside change agent into a complex cooperative organization. Management and organizational effectiveness are intricate, many-faceted concepts. It is nearly impossible to force rural individuals from a simple to a complex organizational framework without a series of intermediate steps. Increasingly more complex management and organizational patterns must be learned at a much slower pace. The factor of risk is also an important consideration. Rural people are more willing to take risks if the step from one organizational form to another is small.

In support of this Tendler<sup>1</sup> found that building an indigenous association is most likely to succeed when it is small and unconnected with other groups, and when the project is:

1. organized around a concrete goal
2. begun with a simple task
3. based on present skill levels of members
4. focused on tasks that only can be done through cooperation

Saunders<sup>2</sup>, again in support of our experiences, has completed a somewhat longer list, from World Bank experience, of factors affecting the performance of cooperative efforts by rural people. Activities are likely to have more success and participation if:

1. the proposed benefits are seen as valuable and direct
2. the skills and time demanded are not too great
3. past experience with self-help activities has not been negative as with colonial corvee labor
4. the population in the area is socially cohesive
5. there has been traditionally a basis for cooperative action

6. membership is small enough for face-to-face contact among members
7. kinship organization can be involved in forming the groups
8. project components are tailored to local conditions
9. local leadership can be given significant responsibilities and can also be held accountable to the group
10. domination by more powerful members can be restricted
11. organizations and policies are not simply imposed from above

A Model of Knowledge Transfer at Higher Organizational Levels

As groups go through a process of evolution:

need

indigenous organization

success resulting in increased motivation

awareness of other needs

more complex organization

they will need some management assistance. Development in isolation is not advocated. At the higher organizational levels, small farmers' cooperative groups should be able to:

1. have a capacity to deal with marketing problems
2. procure raw materials
3. perform accounting and costing
4. handle effectively their relations with governments

Some of the basic elements may be acquired through experience on other less developed associations. Nonetheless, some technical expertise will need to be transferred through, for example, Service Agency assistance.

### OUTSTANDING ISSUES AND FUTURE DIRECTION

It is important to again repeat that this is an experimental project which was designed to test a variety of innovative assistance approaches to help rural income generating groups. This is being done. And from early indications the collaborative model of reaching out to rural groups with the support of government and N.E.O. institutions is working. Yet there are numerous issues that still need to be further tested. Among these are the following:

1. What can be done to more quickly respond to rural groups? At the present time the Service Agency needs about two or three weeks from the time contact is made with a rural group until a proposal is developed for submission to and authorization from the Screening Committee. Yet the A.F.M.S. may need up to four months as in the case of the Khotole Piggery Association to give their approval. A streamlining of this two tier approval system may be needed. Possibly Screening Committee approved proposals could be circulated to AFMS members individually. They could be given fourteen days in which to make their objections known in which case the Screening Committee would reconvene to reconsider the particular proposal. The AFMS should eventually fill the role of safeguarding selection criteria to make certain the Screening Committee does not continually deviate from the criteria and not make decisions on each and every proposal.
2. Interest rate? At present it is 4 times the number of years a loan is for. Should this rate be increased to reflect current lending institution rates which are 12 and more p.a. and to introduce the element of fiscal realism? Or should it remain subsidised to allow access to learning opportunities for the "poorest of the poor"?
3. How many loans can the Service Agency handle per year? As the Service Agency moves toward standardization of the implementation phase, it appears that 15 loans/grants per year may be the maximum that it can or should handle. The absorption capacity in the rural areas may not be any greater.
4. How secure are the loans that are given to rural groups? what will be the default rate? At present we can't answer these questions. We have tried to do as much as we can to ensure that these problems occurred very seldomly. We will not give more money than the group can reasonably pay

5. The Service Agency is staying away from loaning money to groups to pay for recurrent expenses such as salaries but what are the range of activities that it should support?

At present it is providing financial assistance to groups involved in an expansion of present activities in the areas of equipment procurement and small scale building development. It is the current feeling that large scale building expenses, even if the group is worthy of support, can not be supported by the Assistance Fund. Instead the Service Agency will support the requesting groups efforts to seek co-financing from donor organizations.

Over the next two and one-half years the Service Agency will be looking for answers to these questions. In addition time will be spent continuing the development of instructional materials on various income generating topics and on important group development skills such as book-keeping, holding effective meetings, and leadership guidelines which will be transmitted to rural groups via correspondence lessons, through radio programmes, and an NFE newsletter, as well as in person.

## APPENDIX

### Background Papers on the Assistance Fund

1. Translation of the text of the Sesotho Version of the Service Agency Brochure Intended For Nonformal Education Groups
2. Initial Visit With Organization (a form that is used by the Service Agency staff to obtain additional information on an group which is requesting assistance)
3. Questionnaire Form for Organization (form used by Service Agency staff to prepare the proposal)
4. Assistance Fund Selection Criteria
5. Monthly Expenses And Income To Determine A Payback Schedule On A Loan ( form used to help Service Agency staff determine economic viability of a project)
6. Sample Proposals - Khobotle Piggery Association  
- Visual Problem Centre
7. Sample Contracts - Khobotle Piggery Association  
- Standard Contract  
- Visual Problem Centre
8. Report On Follow Up Visit With Organization (monitoring form used by Service Agency staff)

TRANSLATION OF THE TEXT OF THE SESOTHO LANGUAGE VERSION OF THE  
SERVICE AGENCY BROCHURE INTENDED FOR NONFORMAL EDUCATION GROUPS

WHAT IS THE LESOTHO DISTANCE TEACHING CENTRE(LDTC)?

The main aim of the LDTC, since its inception in 1974, has been to provide educational services to the rural people of Lesotho to improve their lives. This is done through the STUDENT ADVICE SECTION which provides correspondence courses to private candidates studying for the Junior Certificate and the Cambridge Overseas School Certificate; the LITERACY AND NUMERACY SECTION which provides literacy and numeracy skills to out of school youths and adults; the BASIC RURAL EDUCATION SECTION which writes and distributes booklets in Sesotho on practical topics; the RADIO SECTION which broadcasts regular programs such as Tsoelang-pele over Radio Lesotho; and, the SECTION AGENCY SECTION which can provide a range of educational services for the development of rural organizations.

WHOM THE SERVICE AGENCY CAN HELP:

If you are a member of a rural group that is involved in an educational activity such as, for example, a pre-school, a rural health clinic, or a homemakers group; or, an income producing activity such as, for example, pig raising, handicrafts, or a community garden and are in need of assistance to improve your activities, the Service Agency may be able to help.

SERVICE WE OFFER:

Organizational Development Assistance

- \* We can through a consultancy provide advice on how to improve the operations of your group. This is done through a needs assessment of the group, problem identification, goals clarification, and recommendations on ways to realize these goals.

Training Assistance

- \* We can train the members of your group in: management skills, program planning, book-keeping, leadership training, and effective group work.
- \* We are also able to develop training programs in response to the specific needs of your group.

Materials Development Assistance

- \* We can develop, pre-test, and print instructional materials such as booklets, pamphlets, photostrips, learning games, posters, and flipcharts as needed.

### Financial Assistance

- \* We can provide necessary financial assistance to rural groups where specific selection criteria have been met.
- \* This financial assistance may be in the form of:
  - loans to those rural groups with primarily an income producing focus;
  - grants to those groups with primarily an educational focus.
- \* We can do give money for salaries or large building expenses. All things being equal, applications for smaller amounts of money receive preference.

### HOW TO APPLY FOR ASSISTANCE FROM THE SERVICE AGENCY:

1. You should write a letter of application to us. This letter should contain the following information: Name of the group; Your title; The groups location and mailing address; The number of members in the group; What the group does; The needs and goals of the group; The areas where you need help from the Service Agency; and, if financial assistance is required, how you propose to use it and at what cost.
2. Upon receiving this request for assistance, The Service Agency may find it necessary to visit the group in order to conduct a more detailed assessment of the needs of the group. This information and the application letter are then submitted to the LDTC Screening Committee for a determination on whether or not the Service Agency is able to provide assistance to the group. If the requested assistance also includes financial assistance, another committee must also give their approval.
3. Once approval has been given, a member of the Service Agency staff will work with the group to develop a detailed workplan for assistance. To ensure that the workplan is completed on schedule there must be close cooperation between the LDTC and the group. This workplan and details on any financial assistance will be included in a memo of agreement which both the LDTC and the group will sign.

As an educational institution we strongly believe in the effectiveness of a participatory approach to providing assistance. Thus we will work in partnership with rural groups and not in any way control them. In return, we expect these groups to meet all obligations that they make to ensure that assistance is effective.

### WHAT DOES IT COST:

We try to charge as little as possible, if anything, for worthwhile educational assistance project. Exact costs for assistance are determined by the nature of the request from the group.

If the group is engaged in primarily an income generating activity and has been found to be eligible for financial assistance via a loan, the costs to the group include repayment of the loan plus a minimal interest charged for the money borrowed. This interest is 4% per year. If, for example, the group qualifies for a loan for three years, the group must repay the amount borrowed plus an interest charge of 12% of the amount borrowed.

If the group is engaged in primarily an educational activity and as been found to be eligible for financial assistance via a grant, there are no costs to the group.

IF WE MIGHT BE OF ASSISTANCE TO YOUR GROUP OR IF YOU NEED FURTHER INFORMATION, CONTACT:

SERVICE AGENCY COORDINATOR  
LESOTHO DISTANCE TEACHING CENTRE  
P.O. BOX 781  
MASERU, 100

TELEPHONE - 22017            OR

STOP BY OUR OFFICE. PLEASE SEE MAP ON THE REVERSE SIDE OF THIS BROCHURE

INITIAL VISIT WITH NFE ORGANIZATION

Organization Visited By:

Date of Visit:

Report Written By:

I. BASIC INFORMATION

Name of Organization:

Location:

Postal Address:

Telephone:

Name of Head of Organization:

Title of Head of Organization:

Other People Interviewed and Their Positions Within the Organization:

Is the Organization Registered?: YES NO If no, When?:

II. BACKGROUND INFORMATION

A. PHYSICAL LOCATION

Relationship to Other Villages, Central Towns:

Time and Distance From Maseru:

B. COMMUNICATIONS NETWORK

The Best Way For the LDTC To Communicate With the Organization: Telephone,  
Mail, Radio, Other

C. ECONOMIC CONDITION OF THE VILLAGE

How Do People in the Village Earn Their Living?:

D. EDUCATION IN THE VILLAGE

What Level of Schooling Did Most Members of the Organization Reach?:

What Is the Influence of the Educational Institutions On the Organization  
and On Village Development?:

III. ORGANIZATIONAL FOCUS/ GOALS

When Was the Organization Founded?:

Who Founded It?:

Why Was It Founded?:

Who Is Organization Serving?:

How Many Is It Serving?:

What Area Does It Cover?:

Are Members Better Off As A Result Of Joining the Organization?: YES NO

What Services Does the Organization Provide the Members?:

IV. WHAT IS THE ORGANIZATION CURRENTLY DOING

List the Organization's Activities:

What Does the Organization Sell?:

Where Does the Organization Sell Its Product?:

How Does the Organization Deliver Its Product For Sale?:

Has the Organization Any Problems in Either the Transportation or Sale Of Its Product?: YES NO ; If Yes, Then List:

At What Per Item Price Does the Organization Sell Its Product?:

What is the Per Item Profit For Its Product?:

Are There Others In the Area Who Make and Sell the Same Product?: YES NO ; Is This A Problem?:

V. INTERNAL RESOURCES OF THE ORGANIZATION AND EFFECTIVENESS OF EACH RESOURCE

A. LEADERSHIP/ COMMITTEE STRUCTURE

How Is the Leader And the Committee Elected?:

How Often Does the Organization Meet?: When?:

Where?:

How Are Decisions Made?:

Does the Organization Use the Members To Do the Work Or Does It Rely Upon Outside Assistance?:

B. FINANCIAL RESOURCES OF THE ORGANIZATION

How Much Money Does the Organization Currently Have?:

How Does the Organization Raise Money (Subscription Fees, Percentage Of Profits, Etc.)

Does the Organization Have A Treasurer Who Keeps Adequate Financial Records?: YES, NO ; (Make Certain you see the accounts book)

C. PHYSICAL RESOURCES OF THE ORGANIZATION

What Buildings, Equipment, Etc. Is the Organization Currently Using?:

VI. PRESENT EXTERNAL RESOURCES AVAILABLE TO ORGANIZATION AND EFFECTIVENESS OF EACH

A. HUMAN RESOURCES AVAILABLE TO ORGANIZATION

Village Chief:

Village Development Council:

Government Influences (Extension Agents, etc.):

Nongovernmental Influences (Nat'l Womens Organizations, Etc.):

B. FINANCIAL ASSISTANCE RECEIVED FROM OUTSIDE ORGANIZATIONS

Does the Organization Receive Outside Financial Assistance? YES NO ;

If YES, From Whom?: How Much?:

C. PHYSICAL RESOURCES AVAILABLE TO THE ORGANIZATION

ASSISTANCE FUND PROPOSAL DEVELOPMENT QUESTIONNAIRE

To ensure that your request for assistance is acted upon in a timely fashion by the Lesotho Distance Teaching Centre, the following questions must be answered in detail and mailed back to us as soon as possible.

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

1. What is the name of the group? \_\_\_\_\_

What place is/ will be the centre of the group's work?: \_\_\_\_\_, \_\_\_\_\_

2. Number of group members? \_\_\_\_\_

3. Is your group registered? YES / NO If no, will it soon be registered? YES / NO

4. What are the objectives of your group?

5. Does your group make money? YES / NO

How?

6. Does your group make a profit for its members? YES / NO ; If yes, how is this profit shared among your members?

7. How many members of the group are wage earners?

8. What is the per month average income level of all members of your group (check one)

R: 0 - 30 per month

31 - 60

61 - 90

91 - 120

121 - 150

151 and over

9. What is your group presently doing?

10. What does the group want to do?

11. What does your group need to enable it to realize what it wants to do?

12. Of the things your group needs, what can it provide for itself?

13. Of the things your group needs, what would you like the LDTC to provide?

14. How much financial assistance is required from the LDTC? M \_\_\_\_\_  
By what time can you repay all of the loan plus 4% interest per year? \_\_\_\_\_

15. THE BUDGET. If such assistance requires money, please fill in the following:  
(The more information that you put here, the more that you will be able to convince the LDTC that you can handle money. The LDTC welcomes requests for small amounts of money. All other things being equal, requests for small amounts of financial assistance receive preference)

LIST PRESENT INCOME (FROM ALL SOURCES):

Amount	How Raised	Over what Time Period
--------	------------	-----------------------

LIST ANTICIPATED FUTURE INCOME (FROM ALL SOURCES):

Amount	How Raised	Number of Items Sold	Over What Time Period
--------	------------	----------------------	-----------------------

LIST PRESENT EXPENSES (FROM ALL SOURCES; BE SPECIFIC):

Amount	Items Purchased	Over What Time Period
--------	-----------------	-----------------------

LIST FUTURE EXPENSES (FROM ALL SOURCES; BE SPECIFIC):

Amount	Items Needed	Who Will Buy Them	Over What Time Period
--------	--------------	-------------------	-----------------------

How much do you plan to produce and sell each month? \_\_\_\_\_

How much do you expect to receive from the sale of your products each month? M \_\_\_\_\_

What materials or supplies will you use to produce your product each month and how much does each of these cost?:

Amount	Item	Where Purchased	Per Item Cost	Total Cost
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Will people be paid for their labour? YES / NO ; If Yes

(a) How many people will be paid each month and how much will they be paid in total? \_\_\_\_\_  
 (number of people) (total amount paid)

OR

(b) How many products will be made each month and how much will each prod sell for?: \_\_\_\_\_  
 (number of products made) (sale price of produc

What other expenses will have to be paid for each month and how much will they cost?:

- Transportation: \_\_\_\_\_
- Utilities (electricity, parrafin, etc.) \_\_\_\_\_
- Rent: \_\_\_\_\_
- Water: \_\_\_\_\_
- Other: \_\_\_\_\_

16. THE MARKET.

Where do you intend to sell your product?: \_\_\_\_\_

Are there others in the area who sell the same product? YES / NO  
 Is this a problem? YES / NO

17. What governmental or private organizations are currently assisting you?

18. How are these organizations assisting you?

19. (For Service Agency Office Use; Add any additional questions here):

Signed by at least two officers of the group:

## THE ASSISTANCE FUND

### I. INTRODUCTION

#### A. Preamble:

In Lesotho the potential growth of nonformal education (NFE) programmes carried out by groups and organizations, especially in the rural areas, is often hampered by a lack of resources. In an attempt to remedy this situation, an Assistance Fund has been established. The Assistance Fund is intended to provide technical assistance (training, materials development, evaluation, and communications) and financial assistance (loans and grants) to groups and organizations which benefit the rural people of Lesotho by enabling these groups and organizations to sustain and expand their NFE activities. To merit a loan or a grant, applicants must qualify under the Assistance Fund Selection Criteria. The Assistance Fund is administered by the Lesotho Distance Teaching Centre (LDTCC) and is implemented by its Service Agency Section.

#### B. Short Term Objectives of the Assistance Fund:

The Lesotho Distance Teaching Centre's operation of the Assistance Fund, a component of the GOL/ USAID Project No. 931-1054, will enable the LDTCC to develop a workable selection criteria, to devise and test various assistance strategies, and to refine the management of the Assistance Fund.

#### C. Long Term Objectives of the Assistance Fund:

The Assistance Fund will be of benefit on a national level to groups and organizations to enable them to sustain and expand their NFE activities.

At some stage, within three to five years, the Fund should come under a national financial institute such as the Lesotho Bank which would coordinate processing of applications and disbursement of monies with the LDTCC.

#### D. The Management of the Assistance Fund Selection Process:

The Assistance Fund selection process is administered by a two tier management structure comprised of:

The Screening Committee:

the LDTC, proposed by the Director of the LDTC and approved by the Assistance Fund Management Subcommittee. At present the Committee includes the Deputy Director as Chairman, the Service Agency Coordinator, the Educational Evaluator, the Basic Rural Education Editor, the Financial Controller and, as advisors, the Project Advisor and the NFE Evaluator. It is the function of the Screening Committee to provide an indepth examination of the submitted proposal with the intention of screening out proposals which do not meet the selection criteria.

The Assistance Fund Management Subcommittee:

Once a proposal has been approved by the Screening Committee, it is then sent to the Assistance Fund Management Subcommittee (AFMS). The AFMS is comprised of the Permanent Secretary for Education or a representative as Chairman, the Permanent Secretary for Finance or a representative, the Permanent Secretary for Central Planning or a representative, the Lesotho National Development Bank representative, the Director LDTC, the Deputy Director LDTC, and the Educational Evaluator LDTC. The committee is to examine on behalf of the Management Committee of the LDTC the appropriateness of grants and loans decided upon by the Screening Committee and advise accordingly.

## II. THE SELECTION CRITERIA FOR THE ASSISTANCE FUND

### A. General Criteria:

Grants and loans are to be made to those applicants (groups and organizations) who are, in the opinion of the Screening Committee and the Assistance Fund Management Subcommittee, working toward genuine development within Lesotho. This is to be evident from the work the applicants have done over the past few years.

Only applicants who do not have access to the financial resources of conventional lending institutions are eligible for loans and grants. The Assistance Fund can not provide financial assistance to applicants which may duplicate the work of another institution or Ministry. It is the intention of the Assistance Fund to provide assistance to the large numbers of people who represent the more disadvantaged segments of the rural population. Whereasthere is no maximum amount that may be loaned or granted to applicants, all things being equal, applications for modest amounts of money receive preference.

Loans and interest due are to be repayable in equal installments over equal periods of time in the shortest time possible. Loans to income generating groups are subject to interest rates equal to the lowest current bank deposit rates in Lesotho at the time the loan is made. At the present time this is 4% times the number of years that the loan is for (simple rate of interest - not compounded).

It is required that each loan or grant contract between the LDTC and the recipient be signed by the Director of the LDTC and by at least two and preferably all group members.

The Screening Committee is to have the right to make recommendations on exceptions to the Selection Criteria with proper justification to the AFMS. USAID/ Lesotho is to have the right and obligation of quarterly review of all loans and grants. Access by the LDTC to the project activities and financial records of the assisted group or organization is to be allowed for needs assessment and evaluation purposes for three years after the end of the assistance programme. LDTC is under obligation to evaluate all activities supported by the Assistance Fund.

B. Specific Criteria:

1. Membership and Target Population of the Organization -

- a. The organization is Lesotho based and Basotho run
- b. The organization benefits the more disadvantaged segments of the rural population
- c. The organization is community based
- d. The number of participants and area of coverage justifies involvement by the LDTC

2. Present Activities, Future Goals, and Strategies of the Organization -

- a. The actions of the organization fit with the Government of Lesotho Five Year Development Plan
- b. The organization has a clearly understood statement of present activities, future goals, and strategies to realize these goals
- c. The activities of the organization provide for a direct and identifiable improvement in members lives

- d. The activities of the organization provide for a built-in chain reaction effect on development in the community
- e. LDTC work with the organization will not duplicate the work of another agency

3. Member Participation and Involvement

- a. The organization uses all appropriate and available local physical and human resources through peoples participation
- b. All members of the organization have the opportunity for equal input into the decision making process of the organization

4. Organizational Commitment

- a. The organization is committed to doing its job even without the help of the LDTC

5. Financial Assistance Issues

The organization requires additional monies to accomplish expansion or programme development/ intensification and other funding sources are not available.

- a. Organizations that need financial assistance with project investments to generate income or begin revolving funds/ credit programmes, ie. agriculture, animal husbandry, sewing, handicrafts, carpentry, etc., qualify for a loan.

- 1. The organization has furnished sufficient evidence of capability to repay the loan at the agreed upon interest rate and repayment schedule and still ensure the economic continuation of the organization (money for reinvestment and profit for members) by providing information on:
  - (a) how much it plans to produce and sell within a specified time period (one month, or six months, etc.)
  - (b) how much it expects to receive within the same specified time period from the sale of products mentioned in No. 1;
  - (c) how much money it receives within the specified time period from subscription fees and from other sources;
  - (d) how much it will spend on materials within the specified time period to produce the products mentioned in No. 1;
  - (e) how members will be paid for their labour and how is it determined- by a percentage of the products the members make, on a hourly basis, on a monthly basis, etc.;
  - (f) what the other expenses are that must be paid within the same specific time period such as paraffin, electricity, rent, etc. to produce and sell its products;

2. The organization has furnished sufficient evidence that it will be able to satisfactory market its products. This may be done by providing information on:

- (a) success of past or present marketing outlets,
- (b) market survey data supplied by government or private sources.

b. Organizations that need financial assistance with what is an educational activity which does as a result of its training produce some, limited salable products, ie. a rural training school which in the course of its training programme does produce some salable products, qualify for a loan at no interest rate.

1. The organization has furnished sufficient evidence of capability to repay the loan at the agreed upon repayment schedule and still ensure the economic continuation of the organization (money for reinvestments) by providing information on:

- (a) how many people it expects to train within a specified time period (one month, six months, or one year, etc.) and how much will be realized from tuition fees;
- (b) how much money it will receive from other sources including products produced and sold within the same specified time period;
- (c) how much it will spend on training materials within the specified time period;
- (d) how much the trainers and organizers are paid within the specified time period if they are paid at all;
- (e) what the other expenses are that must be paid within the specified time period such as paraffin, electricity, rent, etc. to conduct its training programme;
- (f) amount realized from product sales and from other sources such as tuition so as to pay back the loan and still have enough to reinvest in organization;

2. The organization has furnished sufficient evidence that it will be able to satisfactory market the salable product- produced from the training programme. This may be done by providing information:

- (a) success of past or present marketing outlets,
- (b) market survey data supplied by government or private sources.

c. Organizations that need financial assistance with what is an educational purpose, ie. nutrition education, pre-school education, health education, qualify for a grant.

MONTHLY EXPENSES AND INCOME TO DETERMINE A PAYBACK SCHEDULE ON A LOAN

Group incomes

1. How much do you plan to produce and sell each month? \_\_\_\_\_
2. How much money do you expect to receive from the sale of the products mentioned in No.1 each month? \_\_\_\_\_
3. How much income do you receive each month from subscription fees and from other sources? \_\_\_\_\_

Group expenses

3. What materials or supplies will you use to produce your product each month and how much does each of these cost?

<u>Amount</u>	<u>Item</u>	<u>Per item cost</u>	<u>Total cost</u>
---------------	-------------	----------------------	-------------------

4. Will people be paid for their labour? If so

(a) How many people will be paid each month and how much will they be paid?

$$\frac{\text{number of people}}{\text{number of people}} \times \frac{\text{amount paid}}{\text{amount paid}} = \frac{\text{total amount paid}}{\text{total amount paid}}$$

OR

(b) How many products will be made each month and how much will be paid for each product?

$$\frac{\text{number of products}}{\text{number of products}} \times \frac{\text{amount paid per product}}{\text{amount paid per product}} = \frac{\text{total amount paid}}{\text{total amount paid}}$$

5. What other expenses will have to be paid for each month and how much will they cost?

transportation \_\_\_\_\_

utilities (electricity, paraffin, etc) \_\_\_\_\_

rent \_\_\_\_\_

water \_\_\_\_\_

other \_\_\_\_\_

6. To find out the surplus that you will make each month, add up numbers 3, 4, and 5 and subtract them from the sum of numbers 2 and 3.

total surplus each month \_\_\_\_\_

## PROPOSAL FOR ASSISTANCE FROM KHOBOTLE PIGGERY ASSOCIATION

### Part 1 Selection Criteria

The Khobotle Piggery Association meets the following selection criteria and thus justifies assistance from the Lesotho Distance Teaching Centre:

The Khobotle Piggery Association is a Lesotho based, Basotho run organization involved in the raising and sale of pigs which provides for a direct and identifiable improvement in members' lives. It is a community based organization located in a rural setting and is committed to carrying out its work even without outside assistance since it has been in existence since 1975.

As a pilot project LDTC involvement is further justified as assistance to Khobotle may lead to integrated assistance via a block grant to all Piggery Farmer Committees in the region. Thus, the possibility exists that LDTC involvement will provide for a chain reaction effect on development in the region. Such assistance as envisioned under this proposal and a future proposal on a regional basis, will complement rather than compete with the work of the Ministry of Agriculture's Pig Technical Officer responsible for the region.

As the Association promotes rural income generation through the sale of pigs, it conforms to the Government of Lesotho's 5 Year Development Plan. Furthermore, the Association is using and will use under this assistance program, whenever possible, locally available resources such as local building materials rather than imported resources.

As the financial assistance will increase the earning capacity of the Association, they are eligible for a loan rather than a grant. Agreements will be developed with the Association to structure the repayment of the loan within two years. The loan will be disbursed to the Association through the Thabana Morena Credit Union which will be responsible for ensuring repayment of the loan.

### Part 2 Needs and Goals of the Association

The Association wants to increase members' income via an expansion of the Association.

This will be done by:

1. Increasing availability of more and better quality piglets from within the region rather than from the R.S.A. as is currently done.
2. Obtaining educational training in book keeping, cooperative management, group dynamics and program planning.
3. Recruiting new members for the Association.

### Part 3 LDTC Areas of Assistance

1. The LDTC can provide educational assistance to this Association through regional workshops in the areas of book keeping, cooperative management, program planning, group dynamics.

to receive services from Government agencies and from other organizations.

3. The LDTG can provide financial assistance to the Association for the purchase of breeder pigs, pigsties, and feed for breeder pigs.

#### Part 4 LDTG Assistance Strategies

1. Initial regional workshops on project management, program planning, and book keeping. During this workshop a detailed workplan will be developed with the Khobotle Piggery Association to enable them to effectively use the anticipated financial assistance and the on going educational assistance.
2. Channel financial assistance from the LDTG through the Thabana Morena credit union to the Association.

The financial assistance will be used in the following sequenced way:

- (1) Enable the Association to purchase cement and roofing materials to build 8 pig sties on communal land.
- (2) Enable the Association through Mrs. Mafisa, Pig Technical Officer in the region, to buy 5 sows and 1 boar.
- (3) Enable the Association through the Mafeteng Cooperative to purchase 6,075 kg. of pig feed for the breeder pigs for the first year.

#### Part 5 Costs to LDTG, Costs to the Association, Costs to Members of the Association

LDTG Costs in the Form of a Loan and Association Member Training:

(A) Pigs	1 boar	M 200	
	5 sows @ 250	1 250	1 450
	Pigsties (cement, roofing, materials for 8 sties @ M50)		400
	Feed (boar and sow feed; One pig consumes about 2.5 kg day @ .23 kg.)		1 397.25
	Contingencies		252.75
			<hr/>
			M 3 500.00 TOTAL

- (B) LDTG Support and Training Assistance via regional workshops and visits to Khobotle Piggery Association.

Association Costs:

- (A) Pay back loan
- (B) Willingness to abide by agreements with LDTG
- (C) Willingness to increase membership

Association Member Costs:

- (A) Supply labour to build pig sties
- (B) Care for the pigs

Part 6 Outcomes of Assistance

The outcomes justify the expenses-

- \* There will be a readily available supply of more and better quality piglets within the country for Association members, for those in the community, and for those in the region.
- \* Member income will increase as they will be able to raise and sell more pigs.
- \* The loan will be repaid.
- \* The educational training program will be successful. A participatory training approach will enable Association members to develop practical skills to continue Association activities.



## LESOTHO DISTANCE TEACHING CENTRE

P.O. Box 781  
Maseru 100, Lesotho

Telephone: Maseru 22017  
Telegraph: DISTANCE

To: Assistance Fund Management Subcommittee  
From: LDTC Screening Committee  
Date: 23 June 1983

Loan Title: Visual Problem Centre - LDTC Loan No. 1

Terms of Loan: M 5,700 to be deposited into the Centre's bank account upon execution of the contract. The contract will be for 2 years and 6 months from its signing date. Repayment of the loan will commence at the beginning of the 7th month from the contract signing date.

Interest Rate: No interest will be charged to the group because the Centre is primarily an educational training institution and not an income generating institution.

Repayment Schedule: 24 monthly installments of M 237.50 to start at the beginning of the 7th month after the signing of the contract.

Narrative: The LDTC Screening Committee met on 22 June 1983 to discuss a proposal for assistance from the above named group. A copy of the proposal is attached. The proposal is for M 5,700 and is intended to purchase a cement block machine and 2 knitting machines and wool to enable the blind trainees of the Centre to learn a productive skill.

The Screening Committee accepted the proposal as attached. However it asked that two additional clauses be put into the contract. They are: (1) the Board of Directors must be expanded beyond the three present board members, (2) Any profit realized after paying off the loan must be used for the benefit of the blind trainees and the Visual Problem Centre and not for the

At this time could the AFMS review the proposal and advise the LDTC Screening Committee accordingly.

cc: USAID/ Lesotho  
Attention- Patsy Lane, HRDO

PROPOSAL FOR ASSISTANCE FROM VISUAL PROBLEM CENTRE

---

INTRODUCTION: The Visual Problem Centre was started in 1980 and is based at Tšenola. Some of its objectives are:

- (i) Provision of total training to blind and visually impaired of Lesotho; to provide them with everyday skills to function in their homes, villages and communities.
- (ii) To train sighted women and girls in handicrafts, home management, health and nutrition.
- (iii) And to give literacy and numeracy skills to the participants to apply in practical skills.

The centre is under the management of a board whose composition is as follows:

Mrs. R. Ramabitsa

MS. Mapeete Mokhosi

Mr. H.D. Stelzer

---

PART 1 The Visual Problem Centre meets these selection criteria:

- The centre, group is based in Lesotho, run by mostly Basotho and serves the more disadvantaged Basotho. The members of the centre are involved in Poultry, rabbit-raising, making cement-blocks, cane-work, knitting and other home-living-skills such as cookery, baking, and cleaning.
- The centre conforms to the Lesotho Five-year Development Plan by providing training whose purpose is to increase production capacity and self-reliance among the Basotho, particularly the disabled. The country is presently estimated to be having some 3 500 blind people who can be a burden to the country if they are not trained in any field of production.
- The centre proposes to strengthen knitting and making cement-blocks activities since the centre is primarily an educational training institution which produces some saleable products that can be sold to benefit participants, the centre is, therefore eligible for an interest free loan.
- All board members of the V.I.P. will sign the contract/agreement

PART II. NEEDS & GOALS OF THE VISUAL PROBLEM CENTRE

The Visual Problem Centre wants to improve its efficiency of training and to expand its production capacity by purchasing the following:

- (i) One cement block machine
- (ii) Two knitting machines
- (iii) Wool for knitting.

The centre would also like to get training in simple bookkeeping and personal hygiene.

PART III LDTC'S AREAS OF ASSISTANCE

1. The L.D.T.C can provide educational assistance in simple bookkeeping, programme planning, co-operative management
2. The L.D.T.C can act as an advocator for the centre to enable it to receive services from government agencies and from other organizations.
3. The L.D.T.C can provide financial assistance to the centre for the purchasing of the following:
  - One cement-block machine
  - Two knitting machines
  - Wool for knitting

PART IV L.D.T.C. ASSISTANCE STRATEGIES.

1. Initial and intensive workshop (lasting may be two days) on programme planning, simple bookkeeping to enable the centre to use and record the anticipated financial assistance and to familiarize the LDTC staff with the centre, its activities and ways of operation
  - Channel financial assistance directly to the centre earmarked as follows:
    - (i) M3 600.00 - for wool
    - (ii) M1 600.00 - for two knitting machines
    - (iii) M 500.00 - for one cement-block machine.

PART V , COST TO L.D.T.C., COSTS TO THE CENTRE. COSTS TO THE MEMBERS.

1. L.D.T.C. costs in the form of a loan and group training
  - A. BUDGET

1 x cement-block machine	= M 500.00	(MASERU)
2 x knitting machines	= M1 600.00	(Johannesburg) M800 each
about 496.55kg of knitting wool	3 600.00	(Port Elizabeth) about M7,25 per kg
	<u>5 700.00</u>	

- B. L.D.T.C. support and training through workshops and visits to the centre. The group needs training in simple bookkeeping and programme planning.

## 2. GROUP COSTS

- A. Pay back the loan in 2½ years starting from the seventh month after the signing of the contract. Payments will be in monthly instalments
- B. All members of the Visual Problem Centre's board will sign the contract

## PART VI OUTCOMES OF THE ASSISTANCE

- The Visual Problem Centre will pay back the loan if the following figures come true as estimated on monthly bases:
    - (i) Knitting: If the centre makes and sells 80 jerseys @ M7.00 (average) = M560.00
    - (ii) Basketry: If the centre makes and sells 80 baskets @ M5.00 (average) = M400.00
    - (iii) Cement-blocks: If the centre makes and sells 250 blocks @ M1.00 (average) = M250.00
- M1 210.00

The centre may realize 20% profit (242.00) + per month, part of which will be set aside for paying back the loan.

- The visually disabled and impaired will gain skills of knitting, basketry cement-block; and develop a sense of confidence and responsibility and thus join the production sector of population.
- The educational training will impart the skills which will promote efficient operations of the centre.



## LESOTHO DISTANCE TEACHING CENTRE

P.O. Box 781  
Maseru 100, Lesotho

Telephone: Maseru 22017  
Telegraph: DISTANCE

LOAN TITLE: (Name of organization and information on what organization does.  
Eg. Lesotho Council of Workers- Womens Section Maseru Vocational  
School)

The Lesotho Distance Teaching Centre (LDTC) as lender and (Name of Organization)  
as borrower hereby agree to abide by this loan agreement

### FINANCIAL DETAILS:

For the loan of (amount) received from the LDTC, the (Name of Organization)  
promises to repay the LDTC the total sum of (amount plus interest). Amount  
plus interest of 4% for (number of years) or (amount of interest).

The (Name of Organization) will make (number of payments) of (amount) starting  
on (date after contract signing). There will be a final payment on (date after  
contract signing) of (amount).

### USE OF MONEY:

The loan will be used to purchase: (list items and quantity). These items will  
be used to (eg. raise and sell pigs, make and sell school uniforms, etc.)

This loan money may not be used for any other purpose without the prior written  
approval of the LDTC.

### ADDITIONAL CONDITIONS:

The LDTC agrees to provide training to all group members in (list areas of training).

All group members agree to attend all training sessions offered by the LDTC.  
Furthermore, all group members agree to (eg. supply labour to the group's  
building, contribute money to purchase supplies, care for equipment, tend  
animals, etc.)

It is the responsibility of both parties to keep in close communications with each other. All correspondence should be addressed as follows:

To the LDTC:

Service Agency Coordinator  
Lesotho Distance Teaching Centre  
PO Box 781  
Maseru  
Telephone 22017

To the Group:

(Name of Organization  
plus address and  
telephone if available)

(Name of Organization) will keep and make available to the LDTC as needed:

- (a) records of all financial transactions on a monthly basis;
- (b) records of all relevant non-financial events- full project history.

(Name of Organization) will provide a progress report to the LDTC on a quarterly basis incorporating financial and non-financial events as contained in (a) and (b) above.

TERMINATION AND PENALTY CLAUSES:

If the (Name of Organization) fails to abide by the agreements as contained in this contract, the LDTC has the power to terminate this contract. At the discretion of the LDTC this may be done by recalling all unspent loan money, by imposing a 12% per annum interest on the balance outstanding, and/or repossessing all resources purchased with the loan money.

By signing this contract, (Name of Organization) agrees to the above paragraph and should there still be any outstanding balance to sell any other assets owned by the group so as to repay the outstanding debt to the LDTC.

Agreed to by the Lesotho Distance  
Teaching Centre

Agreed to by (Name of Organization)

(signatures of all members)

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



# LESOTHO DISTANCE TEACHING CENTRE

P.O. Box 781  
Maseru 100, Lesotho

Telephone: Maseru 22017  
Telegraph: DISTANCE

## LESOTHO DISTANCE TEACHING CENTRE LOAN BOND AGREEMENT

The Lesotho Distance Teaching Centre (LDTC) as lender and the Thabana Morena Credit Union as borrower hereby agree to abide by this bond agreement and the attached letter of agreement between the LDTC and the Thabana Morena Credit Union regarding the Khotle Piggery Association.

For the loan of M 3,500 received from the LDTC, the Thabana Morena Credit Union promises to repay the LDTC the total sum of M 3,710 ( M 3,500 plus interest of 6% over three years or M 210 ). The total sum of M 3,710 will be paid back to the LDTC on or before

(three years from signing of this agreement)

The Thabana Morena Credit Union further agrees to pay a delinquent loan fee of 12% per annum for any and all principal outstanding after the due date.

Agreed to on behalf of the Thabana Morena Credit Union:

President:

(Signature) \_\_\_\_\_

(Print Name) \_\_\_\_\_ (Date) \_\_\_\_\_

Treasurer:

(Signature) \_\_\_\_\_

(Print Name) \_\_\_\_\_ (Date) \_\_\_\_\_

Member of Board:

(signature) \_\_\_\_\_

(Print Name) \_\_\_\_\_ (Date) \_\_\_\_\_

Agreed to on behalf of the Lesotho Distance Teaching Centre:

Director:

(signature) \_\_\_\_\_

(Print Name) \_\_\_\_\_ (Date) \_\_\_\_\_

Four Original Copies To Be Completed:

- one copy to remain with borrower
- one copy for Lesotho Distance Teaching Centre
- one copy for Assistance Fund Management Subcommittee

AGREEMENT BETWEEN THE LESOTHO DISTANCE TEACHING CENTRE AND THE THABANA MORENA CREDIT UNION REGARDING THE KHOBOTLE PIGGERY ASSOCIATION OF HA KHOBOTLE

1. The Thabana Morena Credit Union will use the loan of M 3,500 from the LDTC for the sole purpose of providing financial assistance to the Khobotle Piggery Association as outlined in the agreement between the Lesotho Distance Teaching Centre and the Khobotle Piggery Association which is attached to this agreement. It may be used for no other reason by either the Credit Union or the Piggery Association without prior written approval from the LDTC.
2. The Credit Union will lend the M 3,500 in three installments at a 12% rate of interest over three years to the Piggery Association. The first installment of M 1,300 will be released to the Piggery Association upon signing of the bond agreement between the Piggery Association and the Credit Union. The second installment of M 1,200 will be released to the Piggery Association on \_\_\_\_\_. The third and final installment for M 1,000 will be released to the Piggery Association on \_\_\_\_\_.
3. All monies not actually disbursed to the Piggery Association by the Credit Union will remain in the Credit Union's account at the Lesotho Cooperative Credit Union League Office in Maseru.
4. The Piggery Association will begin paying back the M 3,920 (loan of M3,500 plus interest of 12% over three years or M 420) fifteen months after the signing of the loan bond agreement between the Credit Union and the Piggery Association. First payment will be on \_\_\_\_\_ and will be for \_\_\_\_\_. Each month thereafter the Piggery Association will make equal monthly payments of \_\_\_\_\_ due the first of each month to the Credit Union. Final payment of \_\_\_\_\_ will be made on \_\_\_\_\_ (3 years after signing loan bond between Credit Union and Assoc.)
5. The Credit Union will accept the Association as a member of the Credit Union.
6. The Credit Union will be available to provide financial services to the Piggery Association on a regular basis.
7. The Credit Union will agree to book-keeping and financial management as well as other forms of training as deemed necessary by the LCCUL and LDTC.
8. The Credit Union will make available to LDTC, as needed, records of all financial transactions between LDTC and the Credit Union and between Credit Union and the Piggery Association.
9. A representative of the LDTC will be present at the signing of the loan bond agreement between the Credit Union and the Piggery Association to ensure that the financial assistance will be used according to the agreement between the LDTC and the Piggery Association. A copy of the loan bond agreement between the Credit Union and the Piggery Association will be made available to the LDTC by the Credit Union.
10. If any problems arise in the execution of the agreements between the LDTC and the Credit Union and between the LDTC and the Piggery Association, the LDTC has the power to recall all loan money in the Credit Union bank account not yet spent as well as to ask the Credit Union to recall all outstanding loan money to the Piggery Association.

Agreed to on behalf of LDTC:

Agreed to on behalf of Thabana  
Morena Credit Union:



## LESOTHO DISTANCE TEACHING CENTRE

P.O. Box 781  
Maseru 100, Lesotho

Telephone: Maseru 22017  
Telegraph: DISTANCE

### AGREEMENT BETWEEN THE LESOTHO DISTANCE TEACHING CENTRE AND THE KHOBOTLE PIGGERY ASSOCIATION REGARDING THE KHOBOTLE PIGGERY ASSOCIATION ASSISTANCE PROJECT

The Lesotho Distance Teaching Centre (LDTC) and the Khobotle Piggery Association hereby agree to abide by the terms of this agreement as described below.

1. Khobotle Piggery Association will continue training given by the LDTC in program planning, management, book-keeping, and other areas to be determined.
2. The LDTC will provide M 3,500 to the Piggery Association through the Tshatana Morena Credit Union. The Credit Union will lend this M 3,500 to the Piggery Association.

The Credit Union will lend the M 3,500 in three installments at a 10% rate of interest over three years to the Piggery Association. The first installment of M 1,300 will be released to the Piggery Association upon signing of the bond agreement between the Piggery Association and the Credit Union. The second installment of M 1,200 will be released to the Piggery Association on \_\_\_\_\_. The third and final installment for M 1,000 will be released to the Piggery Association on \_\_\_\_\_.

3. All monies not actually disbursed to the Piggery Association by the Credit Union will remain in the Credit Union's account at the Lesotho Cooperative Credit Union League Office in Maseru.
4. The Piggery Association will use the money for the sole purpose of:
  - (a) To purchase cement and roofing materials for the construction of eight pig stys on the Associations communal land.
  - (b) To buy 5 sows and 1 boar through the Ministry of Agriculture's regional pig technical officer for the purpose of breeding piglets for sale in the region.

(c) To purchase 6,075 kg of pig feed for the breeder pigs for the first year.

This loan may be used for no other reason by the Piggery Association without prior written approval of the LDTC.

5. The Piggery Association will keep and make available to the LDTC records of all financial transactions as needed or at the end of each month.
6. The Association will actively seek to increase its membership.
7. A representative of the LDTC will be present at the signing of the loan bond agreement between the Credit Union and the Piggery Association to ensure that the financial assistance will be used according to the agreement between the LDTC and the Piggery Association. A copy of the loan bond agreement between the Credit Union and the Piggery Association will be made available to the LDTC by the Credit Union.
8. If the Piggery Association abides by all aspects of this agreement including repayment of the loan as scheduled. The LDTC will rebate 6% interest or M 210 at the conclusion of the project directly to the Piggery Association.

Agreed to by the Lesotho  
Distance Teaching Centre

Agreed to by the Khotot's  
Piggery Association and  
all its members.

\_\_\_\_\_  
(Signature) (date)  
Director, LDTC

**Best Available Document**



## LESOTHO DISTANCE TEACHING CENTRE

P.O. Box 781  
Maseru 100, Lesotho

Telephone: Maseru 22017  
Telegraph: DISTANCE

21st September, 1983.

### LOAN TITLE:

The Visual Problem Centre's Loan Agreement. LDTC Loan No. 1.

The Lesotho Distance Teaching Centre (LDTC) as the lender and the Visual Problem Centre (VPC) as the borrower hereby agree to abide by this loan agreement.

### FINANCIAL DETAILS:

The LDTC will provide M5,700.00 as a loan with 4% p.a. interest to the VPC. This money will be deposited in one lump sum in the Savings Account of the VPC.

The VPC promises to repay the LDTC the total sum of M6270.00 (M5,700.00 Plus 4% interest per year for two years six months or M570)

The VPC will make 24 payments of M261.25 starting on the 2nd April, 1984. Payments will be due the first working day of each month.

The final payment of M261.25 will be on the 3rd March, 1986.

### USE OF MONEY:

The VPC will use the money for the sole purpose of purchasing:

One cement-block machine	M500.00
Two knitting machines	M1,600.00
About 500 kilo wool	M3,600.00

This money may not be used by the VPC for any other purpose without prior written agreement from the LDTC.

### CONDITIONS:

LDTC agrees to provide training to VPC board members and relevant staff in the areas of simple bookkeeping, programme planning and cooperative management.

VPC undertakes to expand the number of board members beyond the present three members.

VPC undertakes that any profit realised and remaining after paying off the loan will be used for the benefit of the blind trainees and the running of the VPC and not, in any way whatsoever, for the benefit of the board members or others.

It is the responsibility of both parties to keep in close communications with each other e.g. by short progress reports, visits, etc. All correspondence should be addressed as follows:

The Service Agency Coordinator,  
Lesotho Distance Teaching Centre,  
P.O. Box 781,  
MASERU 100.

The Director,  
Visual Problem Centre,  
P.O. Box 2395,  
MASERU 102.

The VPC will keep and make available to the LDTC as needed:

- (a) records of all financial transactions on a monthly basis,
- (b) records of all relevant non-financial events (full history of project).

VPC will provide a progress report to the LDTC on a quarterly basis incorporating financial and non-financial events as contained in (a) and (b) above.

TERMINATIONS AND PENALTY CLAUSE:

If VPC fails to abide by the agreement as contained in this contract, the LDTC has the power to terminate this contract. At the discretion of the LDTC this may be done by recalling all unspent loan money; by imposing a 10% per annum interest on the balance outstanding; and/or repossessing all resources purchased with the loan money.

By signing this contract VPC agrees to the above paragraph and should there still be an outstanding balance VPC will sell any other assets owned by them so as to repay the outstanding debt to the LDTC.

Agreed to by the Lesotho Distance Teaching Centre.

Agreed to by the Visual Problem Centre. (Signatures)

DIRECTOR



*W. King*  
*W. King*

---



---



---



---



---



---



REPORT ON FOLLOW-UP VISIT WITH ORGANIZATION

Name of Organization:

Date of Visit

Report Written By:

Date of Report:

Number of Group Members Present:

I. REASON FOR VISIT:

II. PROGRESS MADE:

III. PROBLEMS ENCOUNTERED:

IV. RECOMMENDATIONS/ ACTION TO BE TAKEN: